

German Manufacturing Excellence



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Executive Summary

German Companies: At Home in South Carolina

South Carolina is proud to host some of the most respected German companies who manufacture products recognized worldwide for their quality and innovation. Today, industry leaders such as, BMW, DAA Draexlmaier, Robert Bosch, Fehr, ZF Lemforder, and Lang-Mekra operate in South Carolina. The message is clear—South Carolina is one of the best places in the world for Germans to do business.

FACT: Today, nearly 120 German companies, employing more than 21,975 people, call South Carolina home.

What are German companies finding in South Carolina that they cannot find anywhere else? The answers are as varied as the more than 125 German-owned operations that call South Carolina home. In general, German companies look for the same business advantages all companies look for: a strong location, skilled workers, and low-cost operations combined with maximum profits. The difference is that German companies tend to evaluate these criteria by different standards than do American companies, and South Carolina understands the unique needs of German manufacturers.

South Carolina provides a strategic operating environment for German companies in the following ways:

- a rich history of **close working relationships** between German companies and South Carolina that **result in long-term profitability** through collaborative partnerships;
- an East Coast location that guarantees **easy access to domestic and international markets** (see map on next page);
- one of the most **cost effective, productive, and technically competent workforces** in the United States;
- a **business friendly approach** that includes **comprehensive incentives, assistance with regulatory issues**, and unique services designed to support existing business growth; and

“Our first North American facility provides Emitec with a strong presence in the United States and allows us to better meet our customers’ needs. South Carolina is an excellent location, both economically and strategically.”

Wolfgang Maus
Managing Director
Emitec GmbH
(a joint venture of Siemens
Automotive AG and GKN
Automotive AG,
Lohmar, Germany)

- a **blend of European and Southern cultures** that creates a **link to Europe** and offers the finest in American leisure activities.



South Carolina & Germany

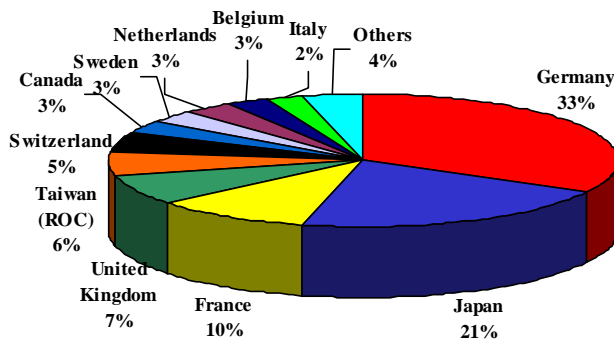
A Long-Term Partnership

The Partnership Continues

For more than a century, South Carolina has cultivated a strong business relationship with German companies. The first German companies to come to South Carolina were mostly textile companies. As the state's economy diversified, so did the German presence in a number of industries from

chemicals to machinery to automotive products. What began as a slow trickle of investment a hundred years ago can now be described as record-breaking year after year. In 2000 alone, German companies invested \$750 million in South Carolina with both expansions and new operations.

International Investment by Country



South Carolina has long been recognized as a place where businesses from all over the world can find resources and assistance they need to locate and operate smoothly—and profitably—in the United States and the global marketplace. In order to ensure that new German investments are successful ventures for both the company and South Carolina, the state takes an active role in forming partnerships with industry, from initial site selection to life-long service after the sale.

For existing German companies in South Carolina and the state itself, the formula for success is very clear—develop a close working relationship and long-term partnership. The results of this collaborative approach have been highly successful.

- Approximately 125 German companies have investments in South Carolina—35 of these companies have their North American Headquarters located here.
- During the past 10 years, German companies have made 479 investments (both new and expansions) totaling more than \$5.6 billion in South Carolina.

- German investors in South Carolina comprise over 30 percent of all internationally owned companies in the state.
- Of the German companies that have invested in South Carolina, approximately 75 percent have reinvested or expanded their operations.
- The Interstate 85 corridor, running through the northern part of South Carolina, has the highest international investment per capita in the United States.
- South Carolina's exports have reached more than \$7 billion annually, of which 8 percent is shipped to Germany.

At the same time, South Carolina and local communities seek other alliances that strengthen their relationship with Germany and foster future opportunities. The following describes some of these unique alliances.

- *South Carolina Department of Commerce European Office:* Located in Munich, Germany, this office assists German companies investing in South Carolina. In addition, the European Office maintains a trade office that specializes in locating European buyers for goods and services originating in South Carolina.
- *German American Business Forum of South Carolina:* This group is open to representatives of South Carolina member companies of the German American Chamber of Commerce.
- *Western South Carolina International Trade Association:* This group promotes international trade in the Upstate of South Carolina.

South Carolina's Worldwide Market Access

Providing Strategic Access to Markets and Materials

South Carolina's strategic East Coast location offers German companies a competitive advantage in accessing domestic and international markets and receiving raw materials. In fact, the state's strategic location is central to a substantial portion of the nation's consumer and industrial markets and is within one day's drive of over 50 percent of the nation's fastest growing markets, 44 percent of the nation's population, and 27 percent of the nation's manufacturing facilities.

South Carolina's extensive transportation network—supported by five interstates, four commercial airports, three seaports, and 4,200 kilometers (2,600 miles) of rail—is a major benefit to German companies. This intermodal network ensures that raw materials and finished goods are transported in the most efficient manner possible. In other words, German companies can maintain just-in-time or other manufacturing/ distribution processes, reduce transportation costs, and reduce shipping time, while at the same time being more responsive to customer requirements.



South Carolina Highways: The Road to Success

While South Carolina is fortieth in size nationally, it has the fifth largest state maintained road system (a total of over 67,600 kilometers or 42,000 miles) and is crisscrossed by five strategic interstates (I-20, I-26, I-77, I-85, and I-95). The location and intersection of these interstates, combined with South Carolina's state highways, provide efficient access to the state's ports and over half of the nation's fastest growing metropolitan statistical areas.



South Carolina Airports: Connecting German Companies to the World

German companies benefit from the proximity of a commercial airport within one hour of any location in South Carolina. By being close to an airport, better flight flexibility and time allocation is achieved. Direct flights are available to most major domestic hubs throughout the United States, and international connections can easily be made through Atlanta, Charlotte, Chicago, and New York.

South Carolina's commercial airports also offer overnight express cargo service through the primary carriers: Airborne, DHL, Emery Worldwide, Federal Express, and UPS. One of the UPS hubs is located at Columbia Metropolitan Airport.

South Carolina's Rail Service: An Impressive Track Record

Industry is served by two major rail companies (CSX and Norfolk-Southern), as well as seven affiliated and independent lines, which operate almost 4,200 kilometers (2,600 miles) of rail. Direct and swift rail service is available five to seven days a week to all South Carolina's metropolitan areas. Rail clearances are some of the most liberal on the East Coast.

With the recent completion of the merger of Conrail's northeast rail system into both CSX and Norfolk-Southern rail systems, both companies offer daily, double-stack train express services (inbound and outbound) that provide customers efficient access to the market gateways in the Northeast, Midwest, Canada, and Mexico, while eliminating costly double handling of goods. Also, in effort to meet the growing intermodal demands of industry, CSX and Norfolk-Southern offer specialized transloading service in Charleston that handles high volume and heavy-duty goods.

The Port of Charleston: Gateway to the World

The Port of Charleston presents German companies with an excellent opportunity to expand their global markets in partnership with one of the United States' strongest port operations. Charleston is one of three deepwater seaports operated by the South Carolina Ports Authority—the others being Georgetown and Port Royal. The Port of Charleston, which is served by over 50 steamship companies that call in more than 140 countries, is only second in combined tonnage to the ports of New York and New Jersey.



FACT: Shipments to and from northern Europe represent over 1/3 (the single greatest volume) of the total cargo passing through the Port of Charleston each year.

The port continues to chart a course as a leader in marine transport, and the success is attributed to a number of factors. One of the most important factors is the port's close relationship with companies, which fosters a profound understanding of industry requirements. As a result, over 700 South Carolina companies ship products through the Port of Charleston. During the past few years, the Port of Charleston has invested more than \$150 million on expansion, renovation and technological enhancements.

Another measurement of success is the port's fully automated customs, providing a real time cargo expediting and clearance system. This system provides a competitive and economic advantage as US Customs, other government agencies, freight forwarders, customs brokers, steamship lines and agents, inland carriers, shippers, consignees, and port personnel are seamlessly linked through this electronic network. The system substantially reduces customs delays,

FACT: *The Port of Charleston handles 70 percent of all shipments between Miami, Florida and Wilmington, North Carolina that are exported to or imported from northern Europe.*

FACT: *Of the 28 container carriers serving inbound from German ports to the South Atlantic ports, 20 call on Charleston, averaging 11 each week.*

processing time, and paperwork. In fact, most container cargo is cleared by Customs days in advance and 90 percent is cleared within only two hours. Also, 85 percent of all breakbulk cargo is cleared within 24 hours—this is a tremendous savings in time and expense. The port's three separate terminals also offer the fastest time to open sea of any East Coast port, ensuring high-speed service to markets and facilities.

Loaded Twenty-Foot Equivalent Units from German Ports to the Port of Charleston

GRAND TOTAL	101,408
P & O Nedlloyd	20,785
Maersk Sealand	13,284
Hapag Lloyd	9,564
Lykes Lines	8,088
Evergreen Line	7,668
American President Line	5,906
OOCL	5,750
K Line	4,222
Atlanticargo Shipping	3,267
COSCO	3,127
Mitsui Osk Line (MOL)	3,009
Yang Ming Line	2,690
Deppe	2,586
TMM (Mexican Line)	2,575
Hyundai Merchant Marine	2,533
Mediterranean Shipping Company	1,813
N Y K Line	1,412
Atlantic Container Line	1,211
CMA-CGM The French Line	1,126
Hanjin Shipping Company Ltd	788
<i>Source: PIERS, February 2001 to January 2002</i>	

Foreign Trade Zones

Complementing South Carolina's world-class transportation system are three strategically located Foreign Trade Zones: Foreign Trade Zone 21 operates six sites in the Charleston area; Foreign Trade Zone 38 is located adjacent to the Greenville-Spartanburg International Airport; and Foreign Trade Zone 127 is located adjacent to the Columbia Metropolitan Airport.

These zones offer substantial cost-saving advantages for companies who import or export manufactured raw materials or products. Below are some of the benefits of these zones:

- duty is paid only when imports are shipped out of the zone or sold—this markedly improves cash-flow;
- duties are not owed on labor, overhead, or profit attributed to production operations located in the zone;
- spare parts may be stored, returned, or destroyed without paying duty;
- delays in customs clearances and duty drawback procedures can be eliminated;
- no country of origin labels are required on merchandise admitted to the zone; and
- due to security, insurance rates are lower—according to *Area Development* magazine, the savings may be as high as 40 percent.

FACT: South Carolina's Foreign Trade Zones provide a number of services to include general warehouse and distribution, transportation coordination, third-party logistics, quality control, repackaging and relabeling, export, computerized inventory control, design and build special tenant facilities, office and services rental, and consolidation of exports.

South Carolina's Skilled Workforce

Our Greatest Resource

Besides an exceptional climate for business, South Carolina's greatest resource is its workforce. We are positioned to provide German companies with one of the most cost effective, productive, and technically competent workforces in the United States.

A Workforce that is Flexible and Productive

A major benefit German companies find in South Carolina is a workforce that is both productive and flexible. Being a right-to-work state (meaning non-compulsory union membership) and an employment-at-will state (meaning a company can discharge an employee without incurring liability), South Carolina companies maintain control of their workforce and manufacturing operations. The results are clear:

- South Carolina is a leader in productivity in the Southeast, ranking higher in manufacturing Gross State Product per employee than Alabama, Florida, Mississippi, North Carolina, and Tennessee.
- South Carolina has the lowest manufacturing unionization rate in the United States (1.6 percent) and virtually no work stoppage (0.01 percent).

"We are a renowned supplier of the electronic and automotive industry. Our customers in the USA expect first quality and complete reliability. Here in South Carolina, we see excellent conditions to fulfill the requirements of our customers and to achieve further growth."

**Dr. Hubert Schmidt
President
Stueken L.L.C.
(Hubert Stueken GmbH & Co.,
Rieteln, Germany)**

Like Germans, South Carolinians emphasizes a strong work ethic and pride in workmanship—the results are better products, higher profits, and workers who are loyal to the company and management.

An Available Workforce that is Cost Effective

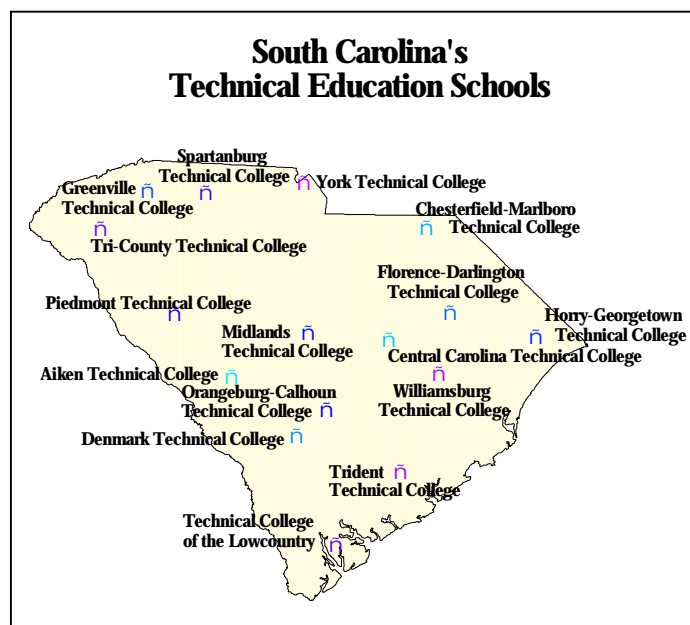
In addition to having a flexible and productive workforce, South Carolina offers German companies an available workforce that is cost effective—this is critical for the success and profitability of any company:

- South Carolina has one of the highest percentages of manufacturing workers (21 percent) in the United States;
- South Carolina's workforce is projected to grow at more than 10 percent – about 30 percent more than the national average; and
- South Carolina has the lowest wage rate in the Southeastern Region and the third lowest wage rate in the United States.

A Workforce Trained for Industry Demands

South Carolina has committed tremendous resources to training its workforce. Specifically, our collaborative approach to supporting the requirements of our industries is three-fold:

- *Technical Colleges:* South Carolina has an extensive network of 16 technical colleges, many with branch campuses that support technical training. Because all South Carolina residents live or work within 30 minutes of one of these campuses, training is convenient and easily accessible statewide.



The mission of the technical colleges is to support economic development. As a result, each college is keenly focused on serving local business and industry needs, and this in turn is reflected in a constantly updated curriculum. German companies can use the TECH system to accomplish employee training, offer continuing education opportunities, hire entry level workers who have completed related degree programs, and keep skills sharpened and in tune with the latest business and management technology.

- *Advanced Worker Training (Center for Accelerated Technology Training):* For more than 35 years, South Carolina's TECH system has provided one of the state's most powerful economic development incentives at no cost to companies—the Center for Accelerated Technology Training (CATT). This program provides companies moving to, or expanding in, South Carolina with

well-trained and highly motivated employees through a comprehensive and customized process that includes recruiting, screening, and training.

CATT is often the key element that allows South Carolina companies to start-up rapidly, to operate efficiently and productively, and to succeed in today's global environment. The program is driven exclusively by a company's needs and desired level of partnership. Hallmarks of this nationally acclaimed program include: flexibility, responsiveness, quality control, solid management, experience, a grasp of world-class quality concepts, and the ability to help create highly functioning work teams and cross-company project teams.

"We always planned to hire South Carolinians. We put our faith in the state, and they really came through. CATT . . . worked with us to design a specialized training program. This included pre-employment, on-the-job equipment services—even training in Germany. We have tough hiring criteria, and South Carolina has the workforce we need now and for the future."

Carl W. Flesher
Vice President of Corporate and
Community Relations
BMW Manufacturing Corp.
(BMW AG,
Munich, Germany)

- *Higher Education:* South Carolina's three research universities have nationally recognized training programs and research initiatives: Clemson University, University of South Carolina (USC), and Medical University of South Carolina (MUSC). Clemson and USC have extensive engineering coursework related directly to the requirements of South Carolina's industries, as well as research centers dedicated to new technology. MUSC has developed a comprehensive clinical testing program and houses one of the United State's only university-based pharmaceutical development centers. MUSC utilizes its biomedical research results for economic growth with the private sector in grant contract research, licensing, and new company development. The relationships between South Carolina companies and these schools have resulted in numerous successes including technology transfer, competitive advantages, and access to modern manufacturing technologies.

Understandably, by having one of the most cost effective, productive, and technically competent workforces in the United States, South Carolina can offer German companies an opportunity for long-term success.

South Carolina's Business Friendly Environment

South Carolina Fosters Prosperity and Expansion

South Carolina understands that companies, not the government, invest capital and create jobs. It is the state's responsibility to work with industry to create a climate that fosters prosperity and expansion. From the initial contact through planning, construction, start-up, and continued business growth, the state provides one of the leading pro-business environments in the United States. In fact, South Carolina is consistently a leader in the Southeast in per capita investment exceeding \$6 billion in investments annually in 1999 and 2000.

"South Carolina's economy continues to ride a wave of international investment that has literally transformed its industrial base."

First Union Regional Economic Analysis, Summer 2000

South Carolina has earned recognition as a business friendly state by placing emphasis on the complex needs of our investors. We understand that German companies exploring investment opportunities in our state want to know the processes required to start-up and operate a business here from the costs associated with operation to the forms of assistance available through the state and local governments.

As part of our efforts to develop a long-term partnership with all of our companies, South Carolina works with German companies to promote a clear understanding of the business tax structure and regulatory climate in the state as well as the available financial incentives. In addition, we provide continuous support resources for all companies in the state, not only during start-up but also for the life of the investment.

Business Tax Structure and Financial Incentives

Our pro-business attitude is reflected by our stable business tax structure and an unparalleled list of tax credits and investment incentives:

- maintaining a 5 percent corporate income tax rate—South Carolina has the lowest income tax rate in the Southeastern United States;
- preventing a general tax increase—South Carolina has the eighth lowest per capita tax burden in the United States and in addition to the low tax rates, has actually decreased taxes for industry and individuals; and

- maintaining consistently affordable insurance costs for accidents on the job (Workers' Compensation) and unemployment—South Carolina has one of the lowest Workers' Compensation rates in the United States.

Tax liability for companies operating in South Carolina includes the following:

- **Corporate Income Tax:** Companies pay a state corporate income tax on income allocated to South Carolina operations (interest, dividends, royalties, rents, property sale gains and losses, and personal services income) and income apportioned to the operations (based on weighted payroll, property, and sales factors). A 5 percent corporate income tax rate is applied to the sum of these incomes, and the resulting figure is a company's state corporate income tax.
- **Corporate Franchise Tax and License Fee:** All companies must pay an annual state corporate franchise tax. The rate is one mill (\$0.001) per dollar of a proportion of total paid-in-capital and paid-in-surplus (earned surplus is not included), plus an annual \$15 license fee. For multi-state corporations, the license fee is determined by apportionment in the same manner employed in computing apportioned corporate income.
- **Property Tax:** Taxes on real property (land and buildings) and personal property (machinery and equipment) for manufacturers are only levied by the local (county and/or city) government. Personal property is allowed to depreciate annually (beginning in year 1) at a rate established by state law. Generally, this rate is 11 percent per year and is depreciated to a residual level of 10 percent of the original property value. Real and personal property are assessed at 10.5 percent of fair market value. A local millage rate is applied to the assessed value of all property to determine the value of the tax. Millage rates are determined annually by local governments and are comprised of a school operating portion (approximately 67 percent) and a county operating portion (approximately 33 percent).
- **Sales Tax:** South Carolina utilizes a state tax on sales and use of 5 percent. Some counties (by approval of a majority of county voters) assess an additional 1 percent local option sales tax. However, this amount is offset by a state mandated credit to real property taxes or used for infrastructure.

Some of the key elements of the state's incentive program that reward firms for investing in South Carolina and reduce tax liability include the following:

Corporate Income Tax Credits

- tax credits for new job creation;
- tax credits for corporate headquarters facilities;
- tax credits for providing child care benefits;

- tax credits for investments in new production machinery in the 27 counties affected by the closure of federal facilities (considered *Economic Impact Zones*);

Exemptions and Incentives Against Property Tax

- no tax on inventory, intangibles, or pollution control equipment;
- five-year abatement of the county operating portion of property tax (lowers the millage rate by approximately 33 percent by removing the county operating portion of the rate for five years);
- opportunity to negotiate with the county for a fee-in-lieu of property taxes (With a minimum \$5 million capital investment, a county can substitute a 20-year fee schedule with a reduced assessment rate in place of standard property tax payments);

Exemptions from Sales Tax

- sales tax exemption on manufacturing equipment and electricity;
- no value added taxes;
- no wholesale sales tax; and
- no tax on packaging materials.

Regulatory Climate

South Carolina offers German companies a regulatory climate that speeds the processing of necessary permits, reducing delays in start-up. The South Carolina Department of Commerce and local development authorities serve as valuable resources for new and expanding companies seeking information about environmental, building, and operating permits.

Environmental Permits

The South Carolina Department of Health and Environmental Control (SCDHEC) administer environmental issues in South Carolina. SCDHEC works cooperatively with business in South Carolina to assist economic development in the state while maintaining a safe environment. This cooperative relationship between SCDHEC and business is demonstrated in the fact that less than 1 percent of all environmental permits applied for in South Carolina are challenged.

SCDHEC oversees all state and federal permits issued in South Carolina, having been granted federal oversight responsibilities for implementing United States Environmental Protection Agency regulations and compliance procedures. This

situation allows South Carolina businesses to work with local agents concerning most environmental issues. SCDHEC is aware of the importance of new industry to the state and gives priority to the review of new facilities thus reducing turnaround time for issuance of new permits.

Permitting fees, both initial and maintenance, are lower than those in most states and are often site specific. Local and regional agencies in South Carolina have not enacted local environmental compliance or permitting requirements, with the exception of the standard local wastewater system use ordinances. South Carolina has no state law requiring the preparation of environmental impact statements.

Building and Operating Permits

Building and operating permits are the responsibility of the local governmental entity (county and/or municipality). This information is available from the local planning department and/or building inspector. Several counties within South Carolina have a "one stop" permitting system, where all necessary permits can be obtained at the same time. Costs for building and operating permits vary depending on location.

Service for the Life of the Investment

South Carolina believes that supporting the growth of existing businesses is the true measure of a business friendly state. Through the International Trade and Existing Business Services Divisions of the Department of Commerce, South Carolina provides service for the life of the investment with three programs that help our companies grow: Existing Business Services, International Trade Development, and Recycling Market Development.

The Existing Business Services group continually meets and interacts with industry leaders throughout the state. Through this corporate visitation effort, the state probes companies' expansion plans, export opportunities, and general business conditions. Companies have the opportunity to discuss buyer/supplier resources, training programs, and the implications of new legislation with state government representatives.

The International Trade Development group assists South Carolina companies in finding new customers in overseas markets. The state understands that locating quality foreign prospects is the number one ingredient in a company's success in international trade. The available services include buyer/supplier

"For a medium-sized company like Friedrichs & Rath, an investment overseas means a big challenge. But, we believe that . . . the great location in South Carolina and the support from all levels of government can limit the risk and can maximize our chances for growth."

**Dr. Stefan Rath
Friedrichs & Rath GmbH
Exertal, Germany**

networking, on-site sales representation, dissemination of trade leads, and coordination of trade shows and missions.

The Recycling Market Development group works to stimulate growth among the state's recycling businesses through policy/legislative initiatives and recycling business development activities. They also provide leads on ways that South Carolina companies can dispose of source waste materials.

South Carolina's Quality of Life

A Superior Quality of Life

South Carolina's quality of life makes recruiting and retaining top-level talent an easy task. As part of its excellent quality of life, the state offers German companies a low cost of living so that employees receive more for their dollar. In addition, the cultural diversity that South Carolina's residents bring to the state is complemented by a host of leisure activities, including arts, entertainment, and recreation that define the many dimensions of South Carolina. The state's mild climate and varied landscape offer a variety of recreational activities that are available year-round. South Carolina's education system compares well with its Southeastern neighbors. In fact, the Columbia and Charleston areas boast nine colleges and universities each, Greenville is home to six colleges and universities, and Rock Hill's proximity to the Charlotte area offers even more opportunities for higher education.

German and Southern Cultures Side-by-Side in South Carolina: Familiar Experiences Across the Atlantic Ocean

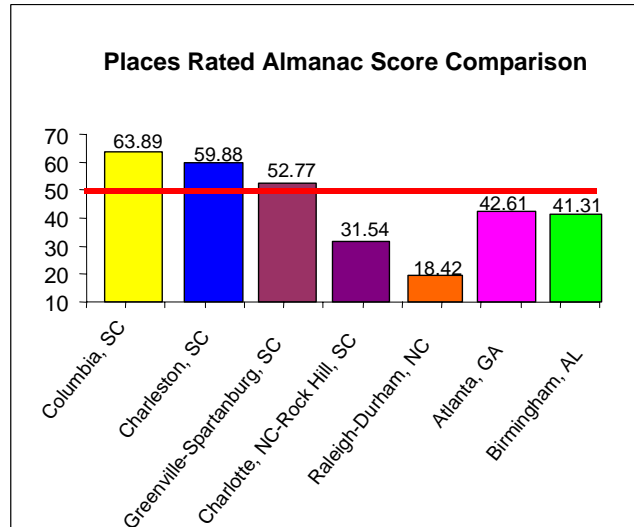
The sense of community among South Carolina's resident Germans is remarkable. While approximately 120 German companies are dispersed around the state, there are several areas with notable concentrations. For example, the Greenville-Spartanburg area in the Upstate hosts the highest number and greatest diversity of German cultural attributes and services. The following are examples of familiar cultural activities and supportive services which create a link to Germany and assist German residents and transferees.

- The *German America Club of Greenville* is a non-political social club that meets monthly to celebrate German music and traditions.
- German Oktoberfest celebrations are held annually in these South Carolina cities—Columbia, Myrtle Beach, Spartanburg, and Walhalla.
- South Carolina also enjoys sister-state partnerships with two German states—Brandenburg and Rheinland-Palatinate.

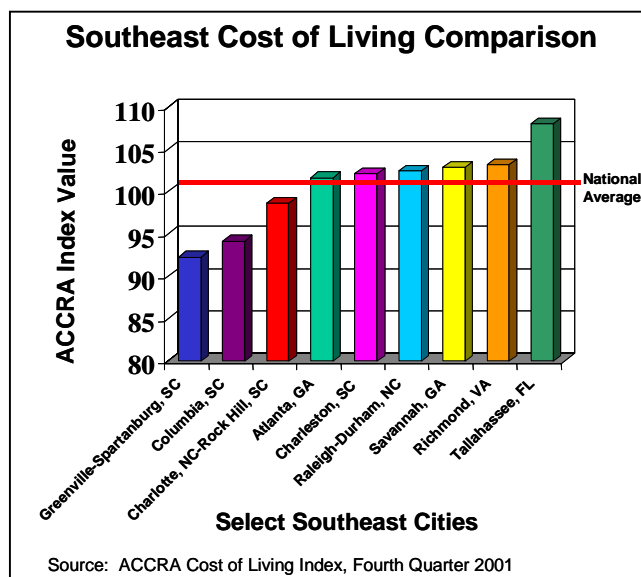
Low Cost of Living

With a location in South Carolina, German companies will not only find a high quality of life but also enjoy a low cost of living. This combination provides a good value for the money.

In order to illustrate South Carolina's excellent cost of living, the chart on the right compares areas in the Southeast based on scores from the *Places Rated Almanac*. The Almanac uses the following nine factors to rate areas on the cost of living: state income taxes, property taxes, state and local sales taxes, home mortgages, utilities, food, transportation, health care, and other factors to rank 351 metropolitan areas. A score that is lower than the national average (50) indicates a higher cost of living, whereas a score higher than 50 indicates a lower cost of living. As the chart illustrates, South Carolina's cities offer a lower cost of living than their Southeastern neighbors.



Another source for cost of living data is the ACCRA index. The ACCRA Cost of Living Index measures relative price levels for consumer goods and services with an average for all participating areas of 100. Those areas under 100 have a lower cost of living than the average. As the chart indicates, the areas in South Carolina offer a good value.



A comparison between South Carolina's metropolitan statistical areas and other cities in neighboring states illustrates that the standard of living in South Carolina is similar to its neighbors. Using Columbia, the state's capital, as the controlling factor, the following table illustrates several salary values.

Standard of Living Comparison

Location	Salary		
Charleston, SC	\$31,767	\$52,944	\$105,889
Columbia, SC	\$30,000	\$50,000	\$100,000
Greenville, SC	\$30,284	\$50,473	\$100,946
Charlotte-Rock Hill, NC-SC	\$30,820	\$51,367	\$102,734
Raleigh-Durham, NC	\$32,587	\$54,311	\$108,623
Atlanta, GA	\$32,303	\$53,838	\$107,676
Knoxville, TN	\$29,401	\$49,001	\$98,002
Memphis, TN	\$28,486	\$47,476	\$94,953
Birmingham, AL	\$29,495	\$49,159	\$98,318
Montgomery, AL	\$30,063	\$50,105	\$100,210

Source: DataMasters, Cost of Living Analysis for 2001

Another issue that directly affects the cost of living is individual income tax rates. As illustrated in the table on the following page, South Carolina's tax rates, particularly for higher income brackets, are favorable.

State Individual Income Tax Rates

Criteria	South Carolina ^(a)	Alabama	Georgia	North Carolina
Tax Rates				
Low	2.5%	2.0%	1.0%	6.0%
High	7.0%	5.0%	6.0%	7.75%
Number of Income Brackets	6	3	6	3
Income Brackets				
Low	\$2,310	\$500 ^(c)	\$750 ^(d)	\$12,750 ^(e)
High	\$11,550	\$3,000 ^(c)	\$7,000 ^(d)	\$60,000 ^(e)
Personal Exemption				
Single	\$2,750 ^(b)	\$1,500	\$2,700	\$2,500 ^(e)
Married	\$5,500 ^(b)	\$3,000	\$5,400	\$5,000 ^(e)
Child	\$2,750 ^(b)	\$300	\$2,700	\$2,500 ^(e)

^(a) Statutory provision of automatic adjustment of tax brackets, personal exemption, or standard deductions to the rate of inflation.

^(b) Personal exemption or standard deductions as provided in the Internal Revenue Code.

^(c) For joint returns, the tax is twice the tax imposed on half the income.

^(d) The tax brackets reported are for single individuals. For married taxpayers, the same rates apply to income brackets ranging from \$500 to \$5,000; and the income brackets range from \$1,000 to \$10,000 for joint filers.

^(e) The tax brackets reported are for single individuals. For married households filing separately, the same rates apply to income brackets ranging from \$21,250 to \$100,000. Lower exemption amounts allowed for high-income taxpayers.

Source: The Federation of Tax Administrators, January 1, 2000.

Housing Market

South Carolinians benefit from living in a housing market with available and extremely affordable housing. Newcomers can choose from a broad range of housing types, including antebellum mansions in historic towns and rural areas to contemporary homes in suburban developments and water-related communities. In fact, another benefit is that South Carolina is one of the top ten states in new home construction per 1,000 residents, indicating that there is a higher availability of new housing for new residents entering the state.

The following table outlines representative housing prices between South Carolina's metropolitan statistical areas and those of neighboring states in the Southeast. In order to provide a comparison of comparable housing, a typical corporate middle-management single-family dwelling (2,200 square feet, four bedrooms, 2.5 bathrooms, family room [or equivalent] and two-car garage) is assumed.

Housing Price Comparison

Location	Price
Charleston, SC	\$175,088
Columbia, SC	\$159,725
Greenville, SC	\$176,500
Charlotte-Rock Hill, NC-SC	\$180,975
Raleigh-Durham, NC	\$151,389
Atlanta, GA	\$237,375
Knoxville, TN	\$135,975
Memphis, TN	\$158,000
Birmingham, AL	\$144,000
Montgomery, AL	\$140,000

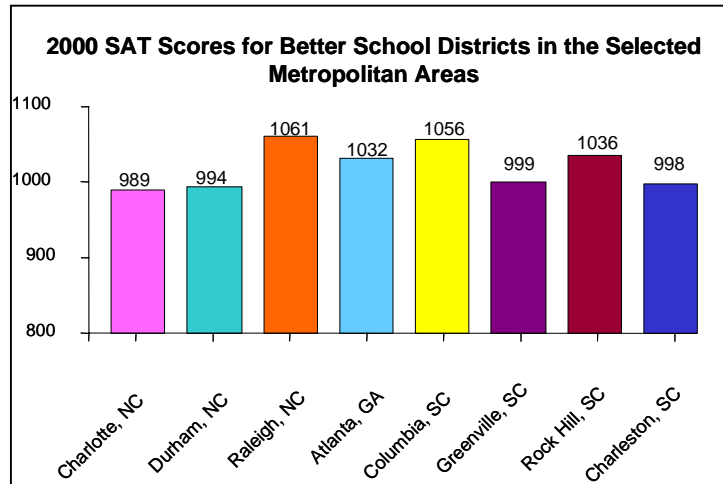
Source: Coldwell Banker Real Estate Corporation, 2000.

In concert with low housing costs, property taxes on residential property in South Carolina are assessed at 4 percent of the fair market value—approximately two-thirds of property taxes are used to support public education.

Education

South Carolina has built a total system of education that can meet the demands of any company. First Steps to School Readiness, the foundation of Governor Jim Hodges' platform for improving education in South Carolina, provides grants for locally driven early childhood education initiatives in all 46 counties. The Tech Prep program in South Carolina combines strong secondary and post-secondary education to prepare students for technology careers.

South Carolina's public school system compares well with its neighbors on SAT scores, graduation rates, and school spending. The chart on the right illustrates that a South Carolina location offers companies good schools that continue to improve.



The technical education system in South Carolina has been a model for the nation since 1961, and graduates more than 9,000 people annually. In addition, South Carolina is home to more than 33 four-year colleges and 16 technical colleges that offer more than 400 degree programs.

German Education

As the number of Germans living in South Carolina increases, so does the demand for specialized education programs. With the support of German companies located in the state, South Carolina currently hosts a school for German students.

Die Deutsche Schule Spartanburg is a privately funded school in the Upstate for children ages 4-17. The school, which opened in 1996, operates on Saturdays and offers a curriculum developed with guidelines set by the German Ministry of Education. In addition to language classes, students learn about the culture of Germany, Austria, and Switzerland.



Recreation

The cultural diversity that South Carolina's residents bring to the state is complemented by a host of leisure activities, including arts, entertainment, and recreation that define the many dimensions of South Carolina. The state's varied landscape is a backdrop for a wide range of activities.

South Carolina's geography is defined by the foothills of the Appalachian Mountains and the Atlantic Ocean—from higher elevations ranging

between 1,000 feet to 3,500 feet in the foothills, to sub-tropical conditions along 200 miles of Atlantic coast. With such a diverse topography and a temperate climate, South Carolina is perfect for year-round outdoor activities.

In fact, with more than 300 challenging golf courses, golfers can play 365 days a year. From the mountains of the Upstate to the beaches of the Lowcountry, South Carolina is a natural place to play golf. Golf has been a part of the state's history for more than 200 years; the country's first golf course was built in the Charleston area.



Hiking, camping, and backpacking opportunities abound in South Carolina. Dozens of state and national forests and parks, along with wildlife refuges and preserves, are located throughout South Carolina, offering unique experiences for outdoor enthusiasts. The temperate climate also supports year-round natural beauty found at such places as Middleton Place near Charleston, the home of America's oldest formal gardens, and Brookgreen Gardens near Murrells Inlet, the world's largest collection of outdoor sculptures nestled among 2,000 species of plants.



For those who want to experience South Carolina by bike, the state offers plenty of enjoyable trails that vary in intensity. Mountain bike trails range in topography from the rugged upstate to the flatter area of the coast. Although there are other opportunities, most trails are managed by national or state forests.

In addition, South Carolina's 400-mile Palmetto Trail spans the state from the northwest mountains to the seacoast village of McClellanville, north of Charleston. When complete, the trail will offer users the chance to experience the dozens of habitats and ecosystems that comprise our great state.

South Carolina's water resources offer recreational activities from kayaking and rafting on whitewater rivers; to fishing and boating on lakes; to blue water sailing and deep-sea fishing. In addition to the Atlantic coast, 830 square miles of the

state are covered by water, including ten major rivers and three main lakes. Lakes Marion, Moultrie, and Murray together encompass 221,000 acres of water surface and are all man-made lakes built to furnish hydroelectric power plants. Lake Murray, located in the center of the state, boasts the second largest earthen dam in the world.

Arts and Culture

Steeped in Southern history and American heritage, South Carolina's historic communities reflect a rich past that is evident in many different ways. Celebrating the past or celebrating the present, South Carolina's smaller communities and metropolitan areas support a host of artistic and cultural events. There are over 300 festivals that occur across the state and throughout the year.



Because important Revolutionary and Civil War battles were fought in South Carolina, even celebrating history has become an art form.

Thousands of people participate in living history demonstrations, from military reenactments to demonstrations of plantation life. Architecture is a subject of celebration as well, and dozens of tours of public and private dwellings throughout the state reveal some of America's oldest and most beautiful buildings.

Sporting Events

Sports are a prominent feature in South Carolina's quality of life; spectators enjoy a wide variety of events, from high school football to professional hockey. The state's grade schools and colleges offer seasonal sports opportunities for their athletes as well as cheering fans. Each year, the impressive list of sporting events held in South Carolina and neighboring states grows:



- Minor league baseball in Charleston, Columbia, and Greenville;
- Professional basketball in Atlanta, GA (Atlanta Hawks) and Charlotte, NC (Charlotte Hornets);
- Professional football in Atlanta, GA (Atlanta Falcons) and Charlotte, NC (Carolina Panthers);

- College football, baseball, basketball, soccer, tennis, volleyball, golf, etc.;
- East Coast hockey league teams in Charlotte, NC; and Charleston, Florence, Greenville, and Columbia, SC;
- A Professional A-League soccer team in Charleston (The Battery) and professional soccer clubs throughout the state;
- Professional golf in Augusta (The Masters) and Hilton Head (MCI Classic);
- Professional tennis in Charleston (Family Circle Cup);
- International SteepleChase in Camden (Carolina and Colonial Cup races); and
- Busch and Winston Cup series stock car racing in Charlotte, NC; and Darlington and Myrtle Beach, SC.

Environment and Climate

Due to its southeastern location and varied terrain, South Carolina has a number of different climates, ranging from temperate to sub-tropical; yet, all are mild and conducive to year-round outdoor activity. There are four distinct seasons, but warm weather prevails through most of the year. Average temperatures range from the 40's in the winter to the 80's in the summer. There is very little frozen precipitation during the winter months. The frozen precipitation that does occur rarely accumulates on the ground to an extent that results in business closures and travel delays.

South Carolina's temperate climate is not only a benefit in terms of quality of life, but also allows for year-round construction activity, an uninterrupted flow of transportation, and worker availability.

German Companies in South Carolina (126 Companies)



German Companies in South Carolina

Parent Company	South Carolina Company	Location	SIC	Product	Employees
Adidas AG	Adidas America Inc	Spartanburg	5091	Athletic footwear and apparel	211
ADO Gardinenwerke GmbH	ADO Corporation	Spartanburg	2211	Custom drapery material, seamless	215
Albert Weber GmbH	Albert Weber Manufacturing Corporation	Summerville	3714	Engine components	8
Alfmeier Prazision AG	Alfmeier Corp	Greenville	3714	Fuel modules, pump housings	114
Aois Berger GmbH & Co	A Berger Inc	Spartanburg	3714	Automotive components	25
Arntz GmbH	Arntz Inc-Insko Saw Div	Summerville	3425	Saw blades	49
BASF AG	BASF Corp-Chemicals Div	Spartanburg	2843	Surfactants	75
BASF AG	BASF Corp-Fibers Products Div	Anderson	2824	Nylon fibers	959
BASF AG	BASF Corp-Clemson Plant	Central	2824	Nylon 6 polymer	439
Bayer AG	Haarmann & Reimer	Charleston	2865	Dyestuffs, pigments & specialty colorants	739
Bayer AG	Bayer Industrial Chemical Div	Rock Hill	2865	Dye chemicals	38
Behr GmbH & Co	Behr Heat Transfer Systems Inc	Charleston	3714	Engine cooling systems	400
Berchtold GmbH & Co	Berchtold Corp	Charleston	3841	Surgical lighting equipment	117
Bertelsmanns AG	BMG Entertainment	Duncan	5099	Tapes & CD's	1200
Bertelsmanns AG	BMG Entertainment	Duncan	5099	Tapes & CD's	655
BMW AG	BMW Manufacturing Corp	Spartanburg	3711	Automobiles	2100
Brueckner Trockentechnik	Bruckner Machinery Corp	Spartanburg	3552	Textile finishing machinery	15
Buck TSP	Buck Enterprises LLC	Columbia	3714	Damper cushion (exhaust part)	3
Casco Products Impregnated Papers	Casco Impregnated Papers America Co	Blythewood	2599	Laminated paper products	113
Celanese AG	Celanese Chemicals Division	Rock Hill	2869	Formaldehyde	22
Celanese AG	Celanese Acetate LLD	Rock Hill	2823	Cellulose acetate filament & staple	805
Ceramtec AG	CeramTec North America	Laurens	3264	Custom technical ceramics	240
COGNIS KGAM	COGNIS Corporation	Mauldin	2843	Surfactants	88
Daimler Chrysler Corporation	Freightliner Custom Chassis Corp	Gaffney	3711	Motor home chassis	485
Daimler Chrysler Corporation	Freightliner Custom Chassis Corp	Gaffney	3711	Mfg. Stripped chassis	0
DRIAM Metallprodukt GmbH	Driam USA Inc	Spartanburg	5084	Machinery for food industry	5
EBM Erich Buechele Maschinenbau GmbH	EBM America Inc	Spartanburg	3549	Tube end forming equipment	7
Eduard Kusters Maschinenfabrik	EVAC Corp	Spartanburg	3552	Vacuum extraction equipment used in water extraction from textiling carpet	6
Eduard Kusters Maschinenfabrik	Kusters Corp	Spartanburg	3552	Textile machinery	140
Eduard Kusters Maschinenfabrik	Zima Corp	Spartanburg	5084	Textile dyeing & finishing machinery	25

South Carolina Department of Commerce

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German Manufacturing Excellence

German Companies in South Carolina

Parent Company	South Carolina Company	Location	SIC	Product	Employees
Erhardt + Leimer GmbH	Erhardt + Leimer Inc	Spartanburg	3699	Electronic & mechanical guiding devices	88
Ernst Strassacker Bronze KG	Strassacker Bronze America Inc	Spartanburg	3446	Bronze letters, plaques, fountains, vases and urns	2
Erwin Hahl GmbH	Specialty Filaments, Inc	Columbia	2824	Nylon filaments	80
F S Fehrer GmbH & Co KG	Fehrer South Carolina LLC	Fountain Inn	2821	Polyurethane foam cushions for the auto industry	43
Friatec AG	Friatec Inc	Greenville	3548	Electrofusion welding equipment	12
Friedrichs and Rath GmbH	Friedrichs and Rath Inc	Anderson	3089	Plastic injection molded parts	40
Fuchs Petrolub AG Oel & Chemie	Fuchs Lubricants Co	Spartanburg	2992	Metal working lubricants	13
G A Pfeleiderer GmbH	Newmark International	Estill	3999	Fiberglass lighting poles	70
Getrag	Getrag Precision Gear	Charleston	3714	Manufacturer of gears for autos & trucks	130
Goettfert GmbH	Goettfert	Rock Hill	3821	Laboratory test equipment	7
Grammer AG	Grammer Industries	Greenville	2399	Automobile seat covers	60
Groz-Beckert KG	Groz-Beckert USA, Inc	Charlotte	5084	Industrial sewing, knitting, hook, shoe, felting, and tufting needles	50
Gustav Meister	Polydeck Screen Corp	Spartanburg	3089	Screening surfaces for mining industry	65
Heitkamp & Thumann	Heitkamp & Thumann	Columbia	3469	Metal stamped battery components	
Hubert Stueken GmbH & Co	Stueken LLC	Fountain Inn	3449	High precision metal parts	20
Hubner Gummi-und Kunststoff	Hubner Manufacturing Corporation	Mt Pleasant	3743	Bellows for transportation	27
Hubtex Maschinenbau GmbH & Co KG	Hubtex of North America Inc	Spartanburg	5084	Textile equipment	18
Hueck Folien	Berndorf Hueck North America Inc	York	3312	Press plates	20
Hueck Hella KG & Co	Hueck Foils LLC	Blythewood	3497	Foil for packaging	45
Hueck Hella KG & Co	Hella	York	3647	Automotive lighting fixtures	
IBENA Textilwerke Beckmann GmbH	IBENA Inc	Spartanburg	5023	Home textiles	5
INA Walzlager Schaeffler oHG	INA USA Corporation	Fort Mill	3562	Bearings	
INA Walzlager Schaeffler oHG	INA USA Corporation	Cheraw	3562	Ball & roller bearings	880
INA Walzlager Schaeffler oHG	INA Bearing	Spartanburg	3562	Ball & roller bearings	310
Interconsul	INTERCONSUL Inc	Charleston	7389	International marketing consulting	2
Isola Werke AG	Isola USA	Ridgeway	3613	Copper-clad laminate (printed circuit boards (PCB))	238
Juergens GmbH & Co	Jurgens Corp	Greenville	5084	Textile machinery	2
Kasper Walter	Walter Service Corp	Inman	3555	Graveur printing equipment machine parts	20
Kleinewefers Beteiligung GmbH	Kleinewefers Textile Machinery Corp	Greenville	3552	Wet processing & finishing equipment	125
Klockner & Co AG	Klockner Namasco	Huger	3312	Sheet Metal Processing	20

German Companies in South Carolina

Parent Company	South Carolina Company	Location	SIC	Product	Employees
	Corporation				
Knurr AG	Knurr USA Inc	Blythewood	2522	19 Racks & enclosures	6
KOB	Conco Medical Products Co	Rock Hill	3842	Textile based medical supplies	210
KOB	Conco Medical Company	Rock Hill	3842	Textile based medical supplies	220
Kocher-Plastik Maschinenbau GmbH	Holopack International	Columbia	2891	Liquid packaging	75
Kufner Textilwerke KG	Kufner Textile Corp	Simpsonville	5131	Interlinings	20
LIBA Maschinenfabrik GmbH	American LIBA Inc	Piedmont	3552	Fabric windups	16
Linde AG	Linde Lift Truck Corp	Summerville	3537	Industrial & narrow aisle forklifts	130
Lisa Draexlmaier GmbH	DAA Draexlmaier Automotive of America LLC	Duncan	3714	Wire harnesses	250
LTG Aktiengesellschaft	LTG Incorporated	Spartanburg	3564	Air purification and dust collection equipment-mfg	5
Mahlo GmbH & Co KG	Mahlo-America Inc	Spartanburg	3552	Textile machinery	14
MAN Aktiengesellschaft	Renk Corp	Duncan	5085	Sleeve bearings	10
Mannesmann AG	Rexroth Corporation	Fountain Inn	3714	Hydraulic fluid pumps	229
Mannesmann AG	Van Dorn Demag Corp	Fountain Inn	3089	Injection molding-screws & barrels	76
Mannesmann AG	Van Dorn Demag Corp	Duncan	3559	Industrial machinery parts for plastic molding machine	40
Mannesmann AG	Mannesmann Dematic (Demag)	Ladson	5084	Industrial crane distribution	34
Maquet AG	Maquet Corp	Mt. Pleasant	5047	Operating room tables, sales and distribution	18
Maschinenfabrik Gebr. Menzel	Menzel LP	Spartanburg	3552	Textile machinery	49
Mayer & Cie	Mayer Industries Inc	Orangeburg	3552	High-pile circular knitting machines	125
Mekra Rangau Plastics GmbH & Co KG	Lang-Mekra North America LLC	Ridgeway	3231	Mirror systems for commercial vehicles	153
Messer Griesheim GmbH	MG Industries	Spartanburg	2813	Liquid oxygen & nitrogen gas	15
Messer Griesheim GmbH	MG Industries	Huger	2813	Industrial gases	34
Missilbeck International Technologies	Bavarian Precision Tool (BPT) LLC	Duncan	3559	Injection molding machinery for the auto	27
Philip Holzmann AG	Lockwood Greene Engineers	Spartanburg	8711	Consulting engineers	450
Pierburg AG	Pierburg Inc	Fountain Inn	3714	Fuel pumps & auto components	94
Prettl GmbH	Prettl Electric Corp	Greenville	3679	Wire harness for automotive	170
Prym Consumer GmbH & Co KG	Prym-Dritz Corp	Spartanburg	3965	Sewing notions	110
R. Stahl AG	R. Stahl - Material Handling Div	North Charleston	5085	Wire rope and chain hoists	11
Rheinmagnet GmbH	Baermann Magnetics Inc	Spartanburg	3499	Magnetic tools & fixtures	1
Rheinmetall Berlin AG	Pierburg Inc	Fountain Inn	3714	Fuel pumps & auto components	94
Robert Bosch GmbH	Associated Fuel Pump Systems Corp (AFCO)	Anderson	3714	Automotive fuel pumps	300
Robert Bosch GmbH	AUTECS Inc	Anderson	3714	Electronic control units for fuel	315

South Carolina Department of Commerce

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German Manufacturing Excellence

German Companies in South Carolina

Parent Company	South Carolina Company	Location	SIC	Product	Employees
				injectors	
Robert Bosch GmbH	Bosch Braking Systems	Sumter	3714	Drum brake assemblies	1200
Robert Bosch GmbH	Robert Bosch Corp- Automotive Group	Charleston	3714	Fuel injectors (gasoline & diesel)	2100
Robert Bosch GmbH	Robert Bosch Corp	Anderson	3714	Oxygen sensors	1400
Robert Bosch GmbH	Carbbits Inc	Columbia	3546	Masonry bits	90
Robert Bosch GmbH	Vermont American Corp	Fountain Inn	3423	Screwdrivers, nut drivers, mallets and wood boring bits	120
Schaltbau AG	Bode Corp	Spartanburg	3714	Automatic door systems for buses	40
Schmalbach Lubeca Plastic Containers USA	Schmalbach-Lubeca Plastic Container USA	Blythewood	3089	Plastic containers	162
Seeber AG & Co	Seeber USA	Duncan	3714	Plastic injection and molding automotive parts	70
Siemens AG	Siemens Energy & Automation Inc	Spartanburg	3612	Busway systems	443
Siemens AG	Emitec Inc	Fountain Inn	3499	Metallic substrates -catalytic converters	149
Siemens AG	Siemens Diesel Systems Technology LLC	Blythewood	3519	Diesel injectors	100
Spedition ED Loehle Sen GmbH	Knopf & Loehle Inc	North Charleston	4783	Packing and crating / world wide moving	6
Stahlwerk Ergste Westig GmbH	Zapp USA Inc/Ergste Westig South Carolina	Summerville	3496	Flat rolled wire products	46
Stankiewicz GmbH	Stankiewicz International Corp	Spartanburg	3086	Sound insulation materials - auto industry	77
Texpa Holding Co	Texpa America Inc	Spartanburg	3552	Automated machinery: sewing, folding & packaging	25
Thermo Flaechenheizungs GmbH	Thermo Heating Elements LLC	Piedmont	3699	Mirror heating systems	7
Thies GmbH & Co	SWS Systems Inc	Roebuck	3613	Custom controls - textile dye machines	17
Thies GmbH & Co	Thies Corporation	Rock Hill	3552	Textile machinery	13
ThyssenKrupp Materials & Services	Thyssen Steel Group	Richburg	3312	Processor of carbon flat rolled steel	112
Werner Makat GmbH & Co KG	Makat USA	Ridgeway	3556	Confectionery equipment	10
Westdeutsche Landesbank	Westek Inc	West Columbia	8741	Industrial textiles: fabrics & yarns	13
Wilhem Steeger GmbH KG	Steeger USA Inc	Spartanburg	5084	Braiding machinery	4
Zeuna Staerker GmbH & Co KG	Zeuna Staerker USA Inc	Spartanburg	3714	Automobile exhaust systems (gasoline & diesel)	176
ZF Friedrichshafen AG	ZF Lemforder Corp	Lancaster	3714	Component supplier to transportation industry	123
ZF Friedrichshafen AG	ZF Lemforder Corp	Duncan	3714	Automotive axle modules	330
ZF Friedrichshafen AG	ZF Lemforder Corp	Duncan	3714	Axles	152